June 6, 2017

Chairwoman Anne Gobi
Joint Committee on Environment, Natural Resources & Agriculture
State House Room 513
Boston, MA 02133

Chairwoman Gailanne Cariddi
Joint Committee on Environment, Natural Resources & Agriculture
State House Room 36
Boston, MA 02133

Re: SB 463 An Act relative to out of state mooring

Dear Chairwoman Gobi, Chairwoman Cariddi, and Joint Committee Members:

Thank you for the opportunity to comment on SB 463, An Act relative to out of state mooring. The Massachusetts Marine Trades Association (“MMTA”) must oppose this bill because it creates a new tax on out-of-state boaters, which is the opposite of what is beneficial for the business of boating and the Commonwealth’s economy. The bill discourages out-of-state boaters from coming to Massachusetts, and even if carefully redrafted, the word will still circulate for out-of-state boaters to avoid Massachusetts. The changes contemplated in this bill will also have a negative impact on employment in the marine trades industry in Massachusetts. The jobs providing services to recreational and other boaters are just too important to lose to neighboring states. Our skilled and talented Massachusetts workers want and need these jobs.

Established in 1964, the Massachusetts Marine Trades Association (“MMTA”) is the statewide, non-profit, representative body for over 1,200 marine trades businesses in the Commonwealth. Our businesses employ over 27,000 men and women and generate over $2.0 billion in direct and indirect annual economic activity for Massachusetts inland and on the coast. The mission of MMTA is to further the interests of the marine trades and the boating public through the promotion of boating, participation in legislation and professional improvement programs.

With respect to SB 463, MMTA opposes the bill because we believe the changes proposed therein would inadvertently lose Commonwealth revenues, rather than increase them. The bill creates a new tax on out-of-state boaters, which will discourage these boaters from coming to Massachusetts, and oddly focuses on out-of-state property interests. The bill would require payment of boat excise tax on boats registered out-of-state unless the owner has property interests in the state where the boat is registered, predominantly uses the boat outside
Massachusetts’ waters, and the boat is not within Massachusetts for more than sixty consecutive days. The key revenue-raiser with respect to boats, however, is the money boaters spend in Massachusetts on boat repairs and on goods and services.

Bluntly, if out-of-state boaters keep their boats out of state to avoid the Commonwealth’s registration and excise tax impositions we will continue to lose revenue for Massachusetts businesses and bleed marine trades jobs to neighboring states. Chasing these jobs and monies away with a threat of new excise taxes and registration fees is very much counterproductive, particularly where Massachusetts is surrounded by states offering favorable registration and tax treatments for recreational boaters. Those states, too, are benefitting from those monies spent by recreational boaters.

A study conducted by Michigan State University on the economic impacts of boat owner spending at a Boston marina, found that for every $1 a boater spends on a mooring or docking, they spend another $4 in local shops, restaurants and other businesses. Local businesses need those revenues from out-of-state boaters just as local boatyards need the repair jobs they would lose if this bill were to pass. These numbers tell us that we need to encourage more out of state boats to spend the summer boating season, or longer, in Commonwealth waters.

MMTA understands the intended purpose of the bill may have been to encourage in-state Massachusetts residents to register their boats here and not out-of-state. However, this bill will not accomplish that result; it will only discourage boaters from bringing their boats and their money into Massachusetts. It’s hard enough maintaining a boating business squeezed between two states which don’t tax boat purchases or levy excises tax after having created tax incentives for boating-related jobs. SB 463 is another pressure on recreational boaters that has very real negative consequences for marine trades and other local businesses that boaters frequent.

Massachusetts possesses world renowned recreational boating opportunities and destinations, yet we don’t do enough to encourage people to visit and boat Massachusetts’ waters. Where the Massachusetts marine trades face heavy competition from neighboring states, the Commonwealth continually seeks ways to extract funds from our boaters, effectively encouraging them to boat elsewhere. Unfortunately, this bill seeks additional small revenues from out of state boats looking to spend their summer in Massachusetts waters and their money in Massachusetts businesses.

MMTA certainly supports the bill sponsors and others in seeking compliance with current tax requirements, which are substantial. The changes proposed are not revenue-beneficial, however, so we must oppose them. SB 463 is sending the wrong message about recreational boating in Massachusetts where, once again, we appear an unfriendly destination to recreational boaters. Simply put, we must stop finding ways to encourage boaters to forgo time spent in Massachusetts for our neighboring boating friendly states. Please help us stop this trend and help foster recreational boating in Massachusetts. We welcome any opportunity to discuss the most beneficial means of growing recreational boating and the economic opportunities it creates for our state. Data on the economics of sensible tax and fees policies for recreation boating bear out the benefits of encouraging boaters to choose Massachusetts as their home ports, or at least their destination waters.
MMTA welcomes the opportunity to engage with the Joint Committee in discussions regarding the comments outlined above. If you have any additional questions or would like to discuss further, please contact MMTA Government Relations and Legal Counsel, Jamy Buchanan Madeja, at 617-227-8410 or jmadeja@buchananassociates.com.

Sincerely,

Paul Nowak
Paul Nowak, President
Massachusetts Marine Trades Association